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C O N F I D E N T I A L KATHMANDU 001664

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SUBJECT: POLITICAL LEADERS AGREE MAOISTS MUST GIVE UP ARMS  
BEFORE JOINING GOVERNMENT

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b/d).

SUMMARY

1. (C) On June 22, the Ambassador met separately with Madhav Kumar Nepal, General Secretary of the Communist Party of Nepal - United Marxist Leninist (CPN-UML), and Deputy Prime Minister Amik Sherchan of People's Front Nepal (PFN) to stress that the Maoists must give up arms before they could be allowed to join an interim government. MK Nepal agreed that the management of Maoist weapons was the most important issue for the Government of Nepal (GON). He stressed that it would be "suicidal" to dissolve Parliament before Maoists were disarmed and the constituent assembly process was clarified. Sherchan assured the Ambassador that the GON would move forward with the constituent assembly election process only after the Maoist arms issue was "resolved." MK Nepal maintained it was acceptable for the UN to be involved with both the negotiation of the arms issue and the implementation of monitoring, despite possible objections from India. He also noted that he felt the Maoists and Nepali Congress (NC) were trying to undercut the CPN-UML in the peace process. We learned from a source that PM Koirala acknowledged he "messed up" in signing the eight-point agreement so quickly. End Summary.

AMBASSADOR CAUTIONS MAOISTS IN GOVERNMENT COULD AFFECT USG ASSISTANCE

2. (C) During his separate June 22 meetings with General Secretary Madhav Kumar Nepal (CPN-UML), and Deputy Prime

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Minister Amik Sherchan (PFN), the Ambassador explained that the USG would likely have to cease assistance of all types to Nepal if the Maoists joined the GON without having abandoned their weapons. The Ambassador explained that the U.S. Patriot Act appeared to prevent us from providing assistance under such circumstances; he noted that the Government of India (GOI) would also look closely at providing assistance that could be diverted to help armed Maoists. MK Nepal not only accepted this consequence but asserted that the

international community should be united in its decision not to provide assistance to Nepal if Maoists joined the GON without laying down their weapons.

POLITICAL LEADERS AGREE MAOISTS NEED TO LAY DOWN ARMS BEFORE JOINING GON

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13. (C) MK Nepal stated that weapons management was the most important issue for the GON. He said that only after the arms issue was resolved could the GON continue with its roadmap, which he outlined in sequence: framing an interim constitution, establishing an interim government, clarifying the constituent assembly process, and announcing a date for constituent assembly elections. MK Nepal said that it would be "suicidal" to dissolve Parliament before all these steps were completed. The Ambassador urged MK Nepal to stress that the GON needed to be unified and discontinue conceding to Maoist wishes during negotiations. The Ambassador noted that the people of Nepal supported the GON, not the Maoists.

14. (C) Deputy PM Sherchan conveyed to the Ambassador that the GON understood that the USG was concerned about the management of Maoist weapons. He assured the Ambassador that the GON would go for constituent assembly elections only after the issue of Maoist arms was "resolved." Sherchan said he had received a personal message from the Maoists that they agreed the Code of Conduct should be fully implemented. He mentioned that the Maoists had accepted multi-party democracy and opined that the Maoists would join the mainstream without their weapons within six months. Sherchan agreed with the Ambassador that extortion was still occurring, but said that it was happening less often. The Deputy PM blamed the ongoing extortion on the rank-and-file Maoist cadre. The Ambassador disagreed, saying that extortion in the Kathmandu Valley (which was increasing) and Maoist demands for copies of GON files were the types of actions that would occur only with the full knowledge and support of the Maoist leadership.

MK NEPAL WANTS UN INVOLVED IN NEGOTIATING MECHANISM TO MONITOR ARMS

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15. (C) MK Nepal hoped that the UN could come in immediately to help determine the terms of reference for UN monitoring. The Ambassador stressed there was a difference between negotiations to decide a monitoring mechanism and the implementation of that mechanism. He noted that the GOI had said it would only permit the UN to monitor weapons, not to be involved in negotiations. MK Nepal suggested that the UN could come in under the guise of technical assistance to help the GON decide the monitoring mechanism and also implement it. He added that Maoist guns and intimidation worried him more than dealing with the Maoists in peace talks.

MK NEPAL: MAOISTS AND NEPALI CONGRESS HAVE SPECIAL RELATIONSHIP

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16. (C) MK Nepal insisted that the NC was using the Maoists to undercut the CPN-UML during the ongoing peace process. He explained how NC Central Committee Member Shekhar Koirala and Home Minister Sitaula had gone to Pokhara before the June 16 PM and Prachanda talks in the capital, and had cooked up the agreement on the dissolution of Parliament without consulting the CPN-UML or other parties in the alliance. He expressed anger that he and the other leaders of the seven-party alliance were summoned by G.P. Koirala to the PM's residence on June 16 for "talks with the Maoists," only to discover that they would not be involved in the talks, but merely be observing Koirala and Prachanda sign the eight-point agreement. MK Nepal said he was the only one who spoke up and demanded that leaders of all seven parties should sign. The Ambassador commented that he did not believe the NC had acted maliciously toward the CPN-UML, but acknowledged that the NC had poorly negotiated the eight-point agreement. MK

Nepal stated that if the NC wanted to "join together with the Maoists while they maintained weapons," the CPN-UML would withdraw from the GON.

KOIRALA ACKNOWLEDGED HE MESSED UP

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17. (C) A source told the Ambassador that PM Koirala had summoned Speaker of the House Subash Nemwang onto his plane prior to departing for Bangkok on June 17 and acknowledged that he had "messed up" by signing the eight-point agreement. Koirala agreed to try to fix matters upon his return from Bangkok. (Note: Koirala went to Bangkok to receive medical care. He had prostate surgery and is expected to return to Kathmandu on June 26. End Note.)

COMMENT

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18. (C) Both leaders understand that managing the Maoists' weapons before the rebels join the mainstream is in the best interests of the country. MK Nepal appeared more worried about the Maoists than he had previously. Sherchan, leader of a small party with close links to the Maoists, acknowledged that Maoists were not complying with the Code of Conduct, but was confident that the Maoists would turn out to be nice guys. We will continue to stress the urgency of resolving the Maoist arms issue with the GON and with party leaders.

MORIARTY